

Volume No. 1—Policies and Procedures	TOPIC NO	30510
Function No. 30000—Fixed Asset Accounting	TOPIC	Asset Maintenance
Section No. 30500—Asset Control and Management	DATE	December 2001

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Overview

Introduction

The purpose of this topic is to provide guidance for the adequate maintenance necessary for controlling fixed assets. In addition to acquiring, valuing, classifying, recording, and properly disposing of fixed assets, it is also important to keep assets in good working condition by establishing a controlled maintenance environment. Procedures should ensure that the maintenance is not overly costly when compared to the benefit derived. Some of the benefits inherent in a good maintenance program include minimal downtime in productivity, higher trade-in or resale value, and maximum utilization of the asset.

Policy

General

A sound cost beneficial maintenance program should be established which ensures assets are in optimal working condition for as long as practical. Assets should be replaced when deemed appropriate by management. Where economical, maintenance should be on a preventive basis using either fixed fee contracts or time and material contracts. Repair and maintenance must also be considered using either the fixed fee or time and material options.

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Procedures

Maintenance

In order to properly perform the property management function, the agency must oversee all costs incurred for the maintenance of its assets. By reviewing and controlling maintenance costs, the agency provides adequate stewardship and accountability for its available resources. The Fixed Asset Accounting and Control System (FAACS) provides the ability to capture maintenance costs and other pertinent data. Capturing these costs is essential in providing management with the information necessary to make decisions concerning its assets, such as:

- Consider replacing a particular asset that has maintenance costs higher than other similar assets.
- Determine if the agency would be able to reduce maintenance cost by entering into a service contract.
- Would it be beneficial to buy extended warranty protection?
- Is the service contract costing more than a repair-as-needed program would cost for certain assets?
- Would it be less costly and have minimal impact on operations to have a contract for maintenance during certain hours versus 24 hours per day?
- Is there limited availability and/or extremely high cost of maintenance due to obsolescence?
- Does current technology warrant replacement versus repair?

FAACS allows the agency to have available detailed information about each asset regarding maintenance contract dates (inception, expiration, renewal, warranty), maintenance contract number, and maintenance cost. Specific input screens are available in on-line FAACS to capture this relevant information (see CAPP Topic No. 70325—*Data Entry*.) Controlling all maintenance costs is essential to ensure the property management function is appropriately addressed.

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Internal Control

General

Each agency and institution should implement cost-beneficial internal control procedures to ensure that:

- All pertinent maintenance information and costs are entered in FAACS in a timely manner.
- Maintenance cost are periodically reviewed and analyzed.
- Maintenance contracts are current and cover only assets approved by management.
- Maintenance costs are not incurred for assets covered under comparable warranties.
- Warranty expirations are reviewed so maintenance can be continued, when and where necessary.

Records Retention



General

Fiscal records related to managing fixed assets should be retained for a period of 2 years plus current fiscal year, or until audited, whichever is greater. However, for pending, ongoing, or unresolved litigation, audits or claims, retain documentation until completion, resolution, or negotiation of settlements.

Destruction of records must be in accordance with policies and procedures of the Records Management Section, The Library of Virginia.

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Subject Cross References

References CAPP Topic No. 70325—*Data Entry*
